

Message Text

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PAGE 01 CARACA 07820 142156Z

60

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 DRC-01 /141 W

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R 141954Z AUG 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5311

LIMITED OFFICIAL USE CARACAS 7820

EO 11652: N/A

TAGS: EFIN VE

SUBJ: LIQUIDITY MEASURES

1. AT MONTHLY MEETING OF BOARD OF DIRECTORS OF US CHAMBER OF COMMERCE IN VENEZUELA, ITS PRESIDENT, HEAD OF NATIONAL CITY BANK IN VENEZUELA, ANNOUNCED THAT LAST NIGHT THE BANKERS COUNCIL, LED BY CENTRAL BANK PRESIDENT LAFEE, HAD DECIDED TO INCREASE LIQUIDITY BY ALTERING THE RESERVE-DEPOSIT RATIO FOR PRIVATE BANKS. WHEREAS HERETOFORE THE RATION HAD BEEN 8 TO 1 OF PERMITTED LOANS AGAINST BANK RESERVES, HENCEFORTH IT WOULD BE 10 TO 1. NATIONAL CITY BANK VICE PRESIDENT RHODES ESTIMATED THIS WOULD PUMP SOME 700 MILLION BOLIVARES INTO THE BANKING SYSTEM.

2. RHODES ADDED THAT ANOTHER MEASURE TO INCREASE LIQUIDITY ANNOUNCED BY CENTRAL BANK PRESIDENT LAFEE WOULD BE TO PERMIT DISCOUNTING OF COMMERCIAL PAPER OVER 180 DAYS RATHER THAN 90 DAYS AS HAS BEEN THE REQUIREMENT IN THE PAST.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, LIQUIDITY (MONETARY), MEETINGS, PRICE TRENDS, BANKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA07820
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740223-1059
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740849/aaaabpww.tel
Line Count: 51
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 1
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 SEP 2002 by boyleja>; APPROVED <21 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LIQUIDITY MEASURES
TAGS: EFIN, VE, (LAFEE), (RHODES)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005